

SINKING INTEREST AND REDEMPTION (18)

MISSION AND BUDGET SUMMARY

AGENCY MISSION:

The purpose of the Debt Service Fund is to meet the principal and interest of the bonded indebtedness of the City of Detroit.

AGENCY FINANCIAL SUMMARY:

<u>2001-02 Requested</u>		<u>2000-01 Budget</u>	<u>2001-02 Recommended</u>	<u>Increase (Decrease)</u>
	<u>Appropriations</u>			
	General Obligation Bonds:			
\$ 31,864,533	Interest	\$ 30,018,219	\$ 30,850,373	\$ 832,154
35,537,736	Principal	32,320,000	34,060,000	1,740,000
3,446,247	DDA Tax Increment Dist.	2,996,638	4,664,954	1,668,316
<u>1,550,351</u>	GM Tax Increment Dist.	<u>1,348,087</u>	<u>1,378,324</u>	<u>30,237</u>
\$ 72,398,867	Total Appropriations	\$ 66,682,944	\$ 70,953,651	\$ 4,270,707
	<u>Revenues</u>			
\$ 64,917,678	Current Year's Property Tax	\$ 56,552,951	\$ 63,225,552	\$ 6,672,601
	Prior Year's:			
3,346,000	Real Property Tax	3,346,000	3,914,000	568,000
123,000	Personal Property Tax	123,000	135,000	12,000
3,952,322	Industrial Facilities Tax	3,403,960	3,652,008	248,048
59,867	Neigh. Enterprise Zone Tax	57,016	26,542	(30,474)
<u>-</u>	Other Surpluses	<u>3,200,017</u>	<u>549</u>	<u>(3,199,468)</u>
\$ 72,398,867	Total Revenues	\$ 66,682,944	\$ 70,953,651	\$ 4,270,707
-	NET TAX COST:	\$ 0	<u>0</u>	\$ 0
	Tax Levy Requirement	\$ 55,669,219	\$ 60,861,373	\$ 5,192,154
	Delinquency Rate	10.00%	8.75%	-1.25%
	Tax Rate (per \$1,000 valuation)	\$8.7220	\$8.9437	\$0.2217

SINKING INTEREST AND REDEMPTION (18)

ACTIVITY DESCRIPTION: BONDS AND INTEREST REDEMPTION

Bond and interest redemption provides for the scheduled retirement of principal and interest on long-term City debt. This debt derives from general obligation bond sales. (The debt service on Enterprise Funds appears in the Enterprise Agency Sections.)

State law limits the amount of general obligation debt a city may have outstanding at one time. Generally, the limit requires such debt to be within ten percent of the assessed value (which includes certain assessed value equivalents for purposes of the formula) of all real and personal property in the city. Significant exclusions to or extensions of the debt limit are permitted for special assessment bonds, motor vehicle highway bonds, hospital bonds, certain mortgage and housing bonds and various other bonds for projects deemed necessary for abating pollution. The City's outstanding debt is currently within the limits prescribed by State law. After the effective date (December 22, 1978) of an amendment to the State Constitution, the City may not issue general obligation bonds payable from taxes levied for debt service without a vote of the electorate.

The Debt Management Section of the Finance Department (funded in the Accounting Operations Activity of Agency 23) is responsible for managing the general obligation debt, as well as that of other bonding and financing authorities which include the following:

- **The City of Detroit Building Authority**, established by the City for the purpose of financing and managing the construction of various publicly owned buildings, parking lots, recreational facilities and related sites to be leased to the City.
- **The City of Detroit Downtown Development Authority (DDA)**, established by the City to help halt property value deterioration and to promote economic growth in the downtown district.
- **The Greater Detroit Resource Recovery Authority (GDRRA)**, a separate governmental unit from the City, created by the cities of Detroit and Highland Park for the purpose of financing and supervising construction and operations of a waste-to-energy facility located in the City.
- **The Economic Development Corporation of the City of Detroit**, established for the purpose of assisting industrial and commercial enterprises in various endeavors which would benefit Detroit residents.
- **The City of Detroit Tax Increment Finance Authority**, established for the purpose of preparing development and tax increment financing plans in the City and associated with financing of the Central Industrial Park (GM) Project.
- **The Local Development Finance Authority**, established for the purpose of assisting in the financing of development projects in the City and associated with the City's Jefferson/Conner (Chrysler) Redevelopment Project.
- **The Detroit-Wayne Joint Building Authority**, established by a joint effort of the City and the County for the purpose of constructing and maintaining buildings that would serve both City and County residents.

CITY OF DETROIT

Financial Detail by Appropriation and Organization

General Bond Redemption General Bond Redemption	2000-01 Redbook		2001-02 Dept Final Request		2001-02 Mayor's Budget Rec	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<i>APPROPRIATION ORGANIZATION</i>						
00212 - General Bond Redemption						
180010 - General Bond Redemption	0	\$62,338,219	0	\$67,402,269	0	\$64,910,373
APPROPRIATION TOTAL	0	\$62,338,219	0	\$67,402,269	0	\$64,910,373
00490 - Other Distributions						
180020 - D.D.A Tax Increment District	0	\$2,996,638	0	\$3,446,247	0	\$4,664,954
180030 - GM Tax Increment District	0	\$1,348,087	0	\$1,550,351	0	\$1,378,324
APPROPRIATION TOTAL	0	\$4,344,725	0	\$4,996,598	0	\$6,043,278
ACTIVITY TOTAL	0	\$66,682,944	0	\$72,398,867	0	\$70,953,651

CITY OF DETROIT
Budget Development for FY 2001 - 2002
Appropriations - Summary Objects

	2000-01 Redbook	2001-02 Dept Final Request	2001-02 Mayor's Budget Rec
AC9918 - Bond Interest and Redemption			
<i>A18000 - Debt Service</i>			
FIXEDCHGSL - Fixed Charges	62,338,219	67,402,269	64,910,373
OTHEXPSSL - Other Expenses	4,344,725	4,996,598	6,043,278
<i>A18000 - Debt Service</i>	<i>66,682,944</i>	<i>72,398,867</i>	<i>70,953,651</i>
AC9918 - Bond Interest and Redemption	66,682,944	72,398,867	70,953,651
Grand Total	66,682,944	72,398,867	70,953,651

CITY OF DETROIT
Budget Development for FY 2001 - 2002
Appropriation Summary - Revenues

	1999-00 Actuals	2000-01 Redbook	2001-02 Dept Final Request	2001-02 Mayor's Budget Rec	Variance
A18000 - Debt Service					
<i>00212 - General Bond Redemption</i>					
401100 - Current Year Property	50,747,808	56,552,951	64,917,678	63,225,552	6,672,601
402100 - Prior Years Real Prope	4,077,675	3,346,000	3,346,000	3,914,000	568,000
402200 - Prior Years Pers Prope	75,913	123,000	123,000	135,000	12,000
407195 - Industrial Facilities Tax	3,135,267	3,403,960	3,952,322	3,652,008	248,048
407205 - Commercial Facilities T	713	0	0	0	0
407210 - Neigh Enterprise Zone	0	57,016	59,867	26,542	(30,474)
461100 - Earnings On Investmer	381,117	0	0	0	0
475130 - Other Surplus	0	3,200,017	0	549	(3,199,468)
<i>00212 - General Bond Redemption</i>	<i>58,418,493</i>	<i>66,682,944</i>	<i>72,398,867</i>	<i>70,953,651</i>	<i>4,270,707</i>
A18000 - Debt Service	58,418,493	66,682,944	72,398,867	70,953,651	4,270,707
Grand Total	58,418,493	66,682,944	72,398,867	70,953,651	4,270,707